

**ANNUAL REPORT
2016-2017**



Modern
DENIM LIMITED

BOARD OF DIRECTORS

Shri Sachin Ranka	– Chairman & Managing Director
Shri B.L. Verma	– Independent Director
Shri S.K. Sharma	– Independent Director
Shri T.C. Chejara	– Non-Executive Director
Smt. Meenu Sacheti	– Non-Executive Director

CHIEF FINANCIAL OFFICER

Shri C.S. Jain

COMPANY SECRETARY

Shri Kirit Shah

AUDITORS

M/s J.T. Shah & Company,
Chartered Accountants,
Ahmedabad - 380 009

SECRETARIAL AUDITORS

M/s. JAKS & Associates,
Practicing Company Secretaries,
Jaipur - 302 005

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)
Ph. : 0141-4113645
E-mail : modernjaipuroffice@gmail.com

CORPORATE HEADQUARTER

68/69, Godavari,
Pochkhanwala Road,
Worli, Mumbai - 400 030

PLANT

Village - Moriya,
Distt. Ahmedabad - 380 015
(Gujarat)



NOTICE

NOTICE is hereby given that the 39th Annual General Meeting of the Members of Modern Denim Limited will be held on Wednesday, 27th September, 2017 at 5 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

A. ORDINARY BUSINESS

- (1) To consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Smt. Meenu Sacheti (DIN: 02266703), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) Appointment of Statutory Auditors

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Board of Directors, M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 122377W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s J.T Shah & Company, Chartered Accountants, Ahmedabad (Firm Registration No. 109616W) whose tenure expires at the ensuing Annual General Meeting, at such remuneration as may be determined by the Audit Committee in consultation with Auditors."

"RESOLVED FURTHER THAT M/s Samir Shah & Associates, Chartered Accountants, if appointed as the Statutory Auditors of the

Company, shall hold office for a period of five years, from the conclusion of this thirty ninth Annual General Meeting till the conclusion of forty forth Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting)."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

B. SPECIAL BUSINESS

- (4) **To appoint Shri T.C. Chejara as Non-Executive Director of the Company and in this regards, pass the following resolution as a Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri T.C. Chejara (DIN 07619881) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from October 1, 2016 by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Director of the Company whose office shall be liable to retire by rotation."

By the Order of the Board

Place: Ahmedabad

Date: 29th May, 2017

(Kirit Shah)

Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3 and 4 set out in the Notice is annexed hereto and form part of this Notice.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
7. The Share transfer books and Register of members shall remain closed from 23rd September, 2017 to 27th September, 2017 (both days inclusive).
8. Members who have not registered their email addresses so far are requested to register their e-mail ID's for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
9. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to modernjaipuroffice@gmail.com mentioning your Folio/DP ID & Client ID.
10. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
11. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10

days prior to the Meeting so that the required information can be made available at the Meeting.

12. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.

13. Voting

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 20th September, 2017 shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

Voting through Electronic means

1. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
2. The facility for voting through Ballot/Poll Paper shall also be made available at the AGM and the members attending the meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their right at the AGM.
3. The Board of Directors of the Company has appointed Shri Deepak Arora, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.
4. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutiniser's Report shall be placed on the website of NSDL www.evoting.nsdl.com.
5. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 20th September, 2017 may obtain the User ID and password in the manner as mentioned below.

Instructions to members for voting electronically are as under:-

1. Open the attached PDF file "MDL remote e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com>
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of "Modern Denim Limited". Members can cast their vote online 23rd September, 2017 (9:00 am) and ends on 26th September, 2017 (5:00 pm).
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. The members who have not provided email Id to the Company may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company:-
Mr. Gaurav Goyal/Nadeem Zaki
Phone: 0141-4113645
Email Id: - modernjaipurooffice@gmail.com
11. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer's e-mail aroracs2@gmail.com with a copy to evoting@nsdl.co.in.
12. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 3

As per the provisions of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014. M/s J.T Shah & Company, Chartered Accountants, Ahmedabad, have completed period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Annual General Meeting.

Accordingly, the term of the present Auditors, M/s J.T Shah & Company, Chartered Accountants, Ahmedabad, expires at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s J.T Shah & Company, Chartered Accountants, Ahmedabad, during their association with the Company as its auditors. For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms and recommended M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 122377W) as Statutory Auditor. The Board of Directors based on the recommendation of the Audit Committee proposes the appointment of the M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company to the Members for their approval.

If approved by the Members, the appointment of M/s Samir Shah & Associates, Chartered Accountants as a Statutory Auditor will be for a period of five years commencing from the conclusion of Thirty Second Annual General Meeting till the conclusion of the Thirty Seventh Annual General Meeting (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

M/s Samir Shah & Associates, Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as statutory

auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the Resolution at Item No. 3 of the Notice for your approval. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

Item No. 4

Pursuant to provisions of Section 161 of the Companies Act, 2013, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 22nd September, 2016, appointed Shri T.C. Chejara (DIN 07619881), as an Additional Director of the Company, w.e.f. 1st October, 2016.

As an Additional Director, Shri T.C. Chejara holds office upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director of the Company. Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing along with the deposit of requisite amount from Shri T.C. Chejara, signifying his candidature for the office of the Director of the Company.

Shri T.C. Chejara is B.Com and also a fellow member of the Institute of Chartered Accountants of India. He has more than 40 years rich experience in the field of accounts, finance and management and has consented to act as a Director of the Company.

The disclosure relating to Shri T.C. Chejara, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the Ordinary Resolutions set out at Item No. 4 of this Notice for the approval by the Members.

Except Shri T.C. Chejara, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name	Shri T.C. Chejara
DIN	07619881
Date of Birth	10/09/1953
Qualifications	Chartered Accountant
Expertise in Specific area	Finance and Accounts
Date of First appointment on the Board of the Company	01/10/2016
Relationship with other Director	None
Shareholding in the Company	Nil
Directorship held in other Public companies	Modern Insulators Limited
Chairman/ Member in the Committees of the Board	Chairman of the Audit Committee and Stakeholders
of Companies in which he is Director	Relationship committee of Modern Denim Limited

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

The Members,

Your Directors are pleased to present the 39th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2017.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Turnover and other Income	77.38	35.67
Profit/(Loss) before Interest and Depreciation	3.70	(2.31)
Less: Interest	1.12	0.76
Profit/(Loss) Before Depreciation	2.58	(3.07)
Less: Depreciation	0.99	1.00
Profit/(Loss) Before Exceptional Items & Tax	1.59	(4.07)
Add: Exceptional Items	-	45.83
Profit/(Loss) Before Tax	1.59	41.76
Less: Provision for taxation	-	-
Profit/(Loss) After Tax	1.59	41.76
Balance brought forward from previous year	(92.04)	(133.80)
Balance carried to Balance Sheet	(90.45)	(92.04)

OPERATIONS

During the Financial Year ended on 31st March, 2017, your company achieved a turnover of ₹ 77.78 Crores as against ₹ 35.67 Crores in the previous year. Turnover increased due to increased production activity. In spite of the difficult business condition prevailing on the domestic textile market your Company has been able to generate net profit of ₹ 1.59 crores as against loss of ₹ 4.07 Crores in the previous year. Your Company has taken several remedial steps to meet the challenges viz. measures of saving in cost at all fronts of operation, optimize use of available resource etc. In view of accumulated losses, your Directors are unable to declare any dividend for the year under review.

EXPORTS

The exports of the Company during the year under review were progressive to ₹ 4.89 crores as compared to previous year of ₹ 3.97 crores despite of continued recessionary business ambience in the global market. However, the Company is continuing its efforts to enhance presence of its products in overseas markets.

ANALYSIS AND REVIEW

Your Company is engaged in the business of denim fabric manufacturing. The Company manufactures various types of denim fabrics including basic denim, stretch denim, ring, multi/mixed count denim, cross hatch, face & back denim & blended denim fabric. The Company's plant at Ahmedabad has a composite denim mill with installed production capacity of 30 MMTA. Our experienced marketing and designing teams ensure that our products meet the latest trends in the denim market.

In the recent past, denim markets across the world have witnessed a remarkable upswing in demand, primarily from the new generation. Further, people in rural areas of India are increasingly adopting denim as a daily wear. The growing apparel market, increasing adoption of denim and rising disposable incomes of Indian population are expected to present humongous business opportunities to our Company.

Industry Overview

On the production side, India is the second largest denim manufacturing country in the world. India's average utilisation rate of its production capacity hovers between 80% - 85%, resulting in a total supply of 850 - 900 MMTA. China leads the global denim marketplace with a capacity of close to 3,500 MMTA, with Asia alone accounting for about 70% of the global production of denim fabric capacities. India is also the fourth largest exporter of denim fabric globally, after China, Pakistan and Turkey.

Our business is gaining momentum in the domestic market and expects the growth to continue in the coming years, on account of changing dynamics of the Indian consumer base. We expect our Company to benefit substantially from the favourable drivers for the Indian denim industry as an increasing number of global denim manufacturers are looking at India as an emerging denim export region owing to its quality standards, cost effectiveness and a large pool of skilled workforce. Outlook, Opportunities, Threats, Risks and concerns

The demand for denim has been continuously rising in India and is expected to grow manifold in the coming years. India is being positioned as one of the leading manufacturers and exporters of denim, owing to its quality standards, cost effectiveness and a large pool of skilled workforce. Moreover, higher disposable income, westernisation of clothing culture and growing popularity of denim jeans as a business casual wear is expected to drive future growth of Denim Industry.

STATUS OF PROCEEDINGS AT NCLT

After abatement of BIFR, the Company has submitted rehabilitation/revival scheme to NCLT which is under consideration.

FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2017, the details of which have been given in the Note No. 4 annexed with the financial statements. However, payment on companionate ground are continued to be made as per decision of the committee formed by National Company Law Tribunal for this purpose.

The Company has not accepted any deposits during the year under review within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULAR OF LOANS, GUARANTEES AND INVESTMENT

Pursuant to the provisions of Section 186(4) of the Act and SEBI (LODR), disclosures on particulars relating to loans, advances and investments are provided as part of the Financial Statements. There are no guarantees issued or securities provided by your Company in terms of Section 186 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts/ arrangements/ transactions entered into by your Company with Related Parties were on arm's-length basis and in the ordinary course of business. There were no transactions with Related Parties, which qualify as material transaction under the SEBI (LODR). Since all the contracts/arrangements/transactions with Related Parties, during the year under review, were in the ordinary course of business and at arm's-length and were not considered material, disclosure in Form AOC-2 under Section 134(3)(h) of the Act, read with the Companies (Accounts of Companies) Rules, 2014, is not applicable. The details of contracts and arrangement with Related Parties of your Company for the financial year ended 31st March, 2017, are given in Note No. 31 to the Financial Statements forming part of this Annual Report.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures and Associate Companies as on 31.03.2017.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the Board accepted the request of Shri H.L. Sharma for an early retirement from the office of the Whole-Time Director, with effect from 30th September, 2016. The Board placed on record its deep appreciation for the valuable contribution and services rendered by Shri H.L. Sharma during his association, spanning over three decades, with the Group.

Subject to the approval of the shareholders, the Board has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri T.C. Chejara (DIN: 07619881) as an Additional Director under the category Non-Executive Non- Independent Director of the Company w.e.f. 1st October, 2016. As an Additional Director, Shri T.C. Chejara holds office upto the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Company has received a notice from Shri T.C. Chejara, along with the requisite deposit, signifying his candidature for appointment as a Director at the ensuing AGM. The resolution seeking the appointment of Shri T.C. Chejara as Director w.e.f.

1st October, 2016 have been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Meenu Sacheti (DIN: 02266703), Non-Executive Director of the Company, will retire by rotation at the ensuing AGM and, being eligible, have offered himself for re-appointment. Resolutions seeking their appointment have been included in the Notice of the AGM. Your Directors commend the Resolutions for your approval.

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Sachin Ranka, Chairman & Managing Director, Shri C.S. Jain, Chief Financial Officer and Shri Kirit Shah, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

The Company has received declarations from all the Independent directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the evaluation of its own performance, the Directors Individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Standard parameters were prepared after taking into consideration various aspects of the Board functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Company, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and the Non Independent Directors of the Company was carried out by the Independent Directors who have expressed their satisfaction with the evaluation process.

MEETING OF THE BOARD

The Board meets at regular intervals to discuss and decide on business strategies and policies and review the financial performance of the Company. The notice and detailed agenda alongwith other material information are sent in advance separately to each Directors.

During the year ended 31st March, 2017, four Board Meetings were held, on 25th June, 2016, 22nd September, 2016, 30th December, 2016 and 28th March, 2017. Further details on Director attendance in the Board Meetings are as follows:

Name of the Directors	Date of Board Meeting			
	25th June, 2016	22nd Sept., 2016	30th Dec., 2016	28th March, 2017
Shri Sachin Ranka	✓	✓	✓	✓
Shri B.L. Verma	✓	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	Leave of Absence	✓
Shri H.L. Sharma	✓	✓	N.A.	N.A.
Smt. Meenu Sacheti	✓	Leave of Absence	Leave of Absence	✓
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓	✓

COMMITTEES OF THE BOARD

Audit Committee

The Board has constituted an Audit Committee comprising of Shri T.C. Chejara, Shri B.L. Verma and Shri S.K. Sharma as its members. Further details relating to the Audit Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

All the recommendations made by the Audit Committee, during the year, were accepted by the Board of Directors of the Company. Further details on Members attendance in the Meeting are as follows:

Name of the Members	Date of Committee Meeting			
	25th June, 2016	22nd Sept., 2016	30th Dec., 2016	28th March, 2017
Shri H.L. Sharma	✓	✓	N.A.	N.A.
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓	✓
Shri B.L. Verma	✓	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	Leave of Absence	✓

Nomination and Remuneration Committee

The Board has constituted a Nomination and Remuneration Committee comprising of Shri T.C. Chejara, Shri B.L. Verma and Shri S.K. Sharma as its members.

The Board has, on the recommendation of the Nomination and Remuneration Committee, formulated the Remuneration Policy of the Company. Further details on Members attendance in the Meeting are as follows:

Name of the Members	Date of Committee Meeting		
	25th June, 2016	22nd Sept., 2016	28th March, 2017
Shri H.L. Sharma	✓	✓	N.A.
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓
Shri B.L. Verma	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	✓

Corporate Social Responsibility Committee

The Board has constituted a Corporate Social Responsibility Committee comprising of Shri Sachin Ranka, Shri T.C. Chejara and Shri S.K. Sharma as its members.

The Company has also formulated and adopted the CSR Policy. However as the Company does not meet the criteria of Section 135 (5) of the Companies Act, 2013, no amount was required to spend on CSR activity during the year under review.

During the year ended 31st March, 2017, one Meeting of Corporate Social Responsibility Committee was held i.e. on 28th March, 2017 and the same was attended by all the members of the Committee.

Stakeholders Relationship Committee

The Board has constituted a Stakeholders Relationship Committee comprising of Shri T.C. Chejara, Shri B.L. Verma and Shri S.K. Sharma as its members. Further details on Members attendance in the Meeting are as follows:

Name of the Members	Date of Committee Meeting			
	25th June, 2016	22nd Sept., 2016	30th Dec., 2016	28th March, 2017
Shri H.L. Sharma	✓	✓	N.A.	N.A.
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓	✓
Shri B.L. Verma	✓	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	Leave of Absence	✓

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with rules made there under, the Board has constituted a Nomination & Remuneration Committee. The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy i.e. Nomination & Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

The Executive/whole time/Managing Director, Key managerial personnel and other employees shall be of requisite qualification, high integrity and have relevant expertise and experience.

In case of appointment of Independent Directors, the committee shall satisfy itself with regard to the independence of the Directors and also ensure that the candidate identified for appointment as an Independent Director is not disqualified for appointment under Section 149 and 164 of the Companies Act, 2013.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. J.T Shah & Company, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 109616WC) is the Statutory Auditors of the Company. The present statutory auditors have completed their tenure of two terms of 5 consecutive years and also an additional period of 3 years as stipulated under section 139 of the Companies Act, 2013. M/s. J.T Shah & Company, Chartered Accountants, Ahmedabad will thus be holding the office of statutory auditors upto the conclusion of the forthcoming annual general meeting. The Board of Directors, on recommendation of the Audit Committee, has proposed to appoint M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 122377W), as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting. M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad has consented to the said appointment, and confirm that their appointment, if made, would be within the limits mentioned u/s 141 (3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Board places on records its appreciation for the contribution of M/s. J.T Shah & Company, Chartered Accountants, Ahmedabad during their tenure as the statutory auditors of the Company.

The observations made by the Statutory Auditors on the Financial Statements of the Company, in their Report for the financial year ended 31st March, 2017, read with the explanatory notes therein, are self-explanatory and, therefore, do not call for any further explanation or comments from the Board under Section 134(3)(f) of the Act.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s JAKS & Associates, Company Secretaries, Jaipur to conduct the secretarial audit for the financial year 2016-17. The Secretarial Audit Report, issued by M/s JAKS & Associates, Company Secretaries for the financial year 2016-17, forms part of this Report, and is set out in Annexure 'A' to this Report.

The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc. It is clarified that the Company will take necessary action on implementation of rehabilitation scheme pending for examination.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Act, an extract of the Annual Return of the Company for the financial year ended 31st March, 2017, is given in Annexure 'B' to this Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance of the provisions of Section 177 of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and SEBI (LODR), Regulations, 2015. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimisation or any other unfair practice being adopted against them. Adequate safeguards are provided against victimisation to those who avail of the mechanism, and access to the Chairman of the Audit Committee in exceptional cases is provided to them.

BUSINESS RISK MANAGEMENT

The Company has formally adopted Risk Management Policy for framing,

implementing and monitoring the risk management plan of the Company. The main objective of the policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and accomplishing the growth plans of the Company are imperative. The common risks of the Company inter alia are financial risk, human resource risk, technology obsolescence, regulatory risk and strategic risk etc. As a matter of policy, these risks are assessed and appropriate steps are taken to mitigate the same.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organization structure, authority levels, internal rules and guidelines for conducting the business transactions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal Audit is carried out as per risk based internal audit plan which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for improvement and is apprised on the implementation status in respect of the actionable items

PARTICULAR OF EMPLOYEES

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN

EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as Annexure-'C' and forms part of this Report.

MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY

Except as disclosed elsewhere in this Report, no material changes and commitments, which could affect the Company's financial position, have occurred between the end of the financial year of the Company and the date of this Report.

CODE OF CONDUCT

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The Code is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards

- have been followed alongwith proper explanation relating to material departures;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
 - (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - (d) The directors have prepared the annual accounts on a going concern basis;
 - (e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
 - (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.
- Issue of equity shares with differential rights as to dividend, voting or otherwise;
 - Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
 - There were no revisions in the financial statements;
 - No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future; and
 - No cases or complaints were received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
 - No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.

KNOWLEDGEMENTS

Your Directors express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments and all regulatory bodies for their co-operation and support and look forward to their continued support in future.

ON BEHALF OF THE BOARD

(Sachin Ranka)

Chairman & Managing Director
DIN 00335534

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

Place: Ahmedabad
Date: 29th May, 2017

Annexure A to Boards' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
MODERN DENIM LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Modern Denim Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (repealed w.e.f. 15th May, 2015).
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during the Audit Period**);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**)
- (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- (vi) As confirmed by the management, there are no sectors specific laws that are applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (**Notified w.e.f. 01.07.2015**)
- (ii) The Listing Agreements entered into by the Company with BSE Limited, Calcutta Stock Exchange and Ahmadabad Stock Exchange but the trading of the Company with Stock Exchange is suspended.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:-

1. The company has Cumulative Redeemable preference shares amounting to Rs. 650 lacs which are not redeemed yet. As per explanation given by the company, final redemption of Preference Shares will be on sanction of rehabilitation scheme by NCLT.
2. The Company has unpaid Fixed deposits and interest thereon. For the same, Management has clarified that the Hon'ble Company Law Board has passed an order on 21.12.2001 that "the Repayment of Fixed Deposits shall be made by the company in accordance with revival scheme as and when approved by BIFR under the provisions of SICA and after abatement of BIFR the Company has filed application with NCLT"
3. The company has unpaid non convertible debentures and interest thereon which were due for redemption but same are not redeemed by the company as company expects waiver/relief under rehabilitation scheme.
4. The Company has an outstanding amount of Share Application money pending for allotment of Rs. 1600 Lacs which is pending from more than 7 years. For the same, Management has clarified that its represent subscription pursuant to the Restructuring/ settlement scheme thus not refundable and Instrument will be issued on sanction of rehabilitation scheme by NCLT.
5. The company has its website but the disclosures are not as per the Companies Act, 2013 and Listing Agreement.
6. The company has not complied with the provisions of listing agreement and SEBI Rules and Regulations, wherever applicable.
7. The Shares of the Company are not in dematerialized form therefore the company has not complied the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

8. The Company has not disclosed in the board report number of board & committee meeting attended by each director as per SS-1.
9. The trading of the company with stock exchanges is suspended since 07.01.2002.

We further report that

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the observations made in the report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were taken unanimously in the meetings and no dissenting views observed in the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except the observations made in the Report.

This report is to be read with our letter of even date which is annexed as **ANNEXURE 'A'** and forms an integral part of this report.

FOR JAKS & ASSOCIATES
Practicing Company Secretaries

Deepak Arora
[Partner]
FCS No. 5104
C P No.: 3641

Place: Jaipur
Date: 29th May, 2017

ANNEXURE - I to the Secretarial Audit Report

To,

The Members

Modern Denim Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.
4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax except some dues as mentioned in Independent Auditors' Report. There are some disputed statutory dues, which have not been deposited on account of matter pending before appropriate authorities as mentioned in Independent Auditors' Report.
5. Where ever required, we have obtained the Management representation about the compliance of Laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR JAKS & ASSOCIATES
Practicing Company Secretaries

Deepak Arora
[Partner]
FCS No. 5104
C P No.: 3641

Place: Jaipur
Date: 29th May, 2017